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SUBJECT: REPORT ON LABOUR MP SCANDAL SETS OFF MAELSTROM

REF: WELLINGTON 195, WELLINGTON 220, WELLINGTON 577

Classified by: Acting DCM Katherine Hadda,
for reasons 1.4 (b) and (d)

Summary

¶11. (C) A report on a scandal involving Labour MP Taito Philip Field threatens to become another thorn in the Government's side. The report cleared Field of the main allegation but raised serious questions about his behavior as a MP. The opposition National Party claims that this and other questionable activities by Labour MPs prove that the Labour administration is corrupt. With efforts to raise another inquiry thwarted, the Nats are proposing a rare motion of no-confidence on the Speaker of the House. While Labour is sloughing off National's campaign as a cynical means of securing votes, even some Labour MPs believe Prime Minister Helen Clark is reluctant to censure Field more severely because she needs to secure his vote in the party's finely balanced parliamentary majority. The PM's position is unlikely to cost her political support, however. Field is a Pacific Islander who is very popular in his own constituency, and he has been cleared of illegal activities. End Summary

One more Labour MP scandal

¶12. (SBU) Taito Phillip Field is the latest addition to a lengthening list of Labour MPs accused of inappropriate behavior (Refs A and B). Field, a 12-year MP of Samoan descent, is accused of using cheap labor on his house in Samoa in exchange for helping a Thai couple with immigration to New Zealand. In early 2005, Field, then the Associate Minister of Justice, asked the then Associate Immigration Minister Damien O'Connor to direct the Immigration Service to grant the couple a New Zealand work permit if they left the country and applied for it from Samoa. Field did not inform O'Connor that the couple not only lived in Field's house in Samoa but also worked on it at wage that was well below accepted rates. In September 21, 2005, Auckland lawyer Noel Ingram was appointed by the Government to investigate the immigration allegations leveled at Field.

The investigation findings satisfy no one

¶13. (SBU) On July 18, 2006, the long-awaited 156 page Ingram Report was released. It cleared of Field of the main allegation of conflict of interest as a Minister. Ingram found no evidence Field told the couple he could influence the final decision regarding their visa application, and no evidence they were influenced by the fact Field

was a Minister.

¶4. (SBU) The report, however, raised concerns about Field's judgment and behavior as a MP, and outlined a litany of questionable practices he committed. These included grossly underpaying the couple (who appeared to be working out of gratitude or sense of obligation) and pressuring witnesses not to talk with the media. The report also revealed that the New Zealand Immigration Service was keeping tabs on Field.

Labour supports Field - out of duty or expedience?

¶5. (SBU) Field's Labour colleagues continue to dutifully back Field in public. Yet, one Labour MP revealed to Post that he and his caucus colleagues are appalled at Field's actions. Field claims he has been vindicated by the report and says when the time is right, he will put his name forward to return to Cabinet (he was stood down from his ministerial posts in 2005 in response to the allegations). However, Prime Minister Helen Clark is reluctant to bring Field back into the fold, at least in the short term. She has said that he "has a lot of work ahead of him before" she grants his wish.

National smells an opportunity

¶6. (SBU) The National Party says the report is nothing more than a cover-up. National's Immigration spokesman, Lockwood Smith, says the report is not conclusive, in part because key witnesses refused to participate (Ingram was not given the power to compel witnesses to give evidence). National say this latest scandal involving a Labour MP is evidence that the Labour administration is corrupt (a term used very infrequently in New Zealand politics).

¶7. (SBU) National's initial response was similar to those after previous Labour MP indiscretions. It sought to connect Clark directly with the scandals in an effort to stain her by association. This, National hopes, will undercut her authority and shrink her high personal polling. However, to date there is little evidence to show

that this tactic is working. Clark's personal poll ratings have in fact climbed in recent months, whereas National leader Don Brash's has slid (Ref C). National also called for a full commission of inquiry without success.

¶8. (SBU) National then asked that the Speaker of the House, Margaret Wilson, to refer Field to Parliament's powerful Privileges Committee, which has the powers of a court. Wilson rejected National's request. She argued that the report's findings fall outside the Parliamentary contempt provisions, even the one that deals with behavior reflecting bad behavior on the institution of Parliament.

¶9. (SBU) Technically, Wilson is correct. Yet, National and many analysts have criticized Wilson's narrow interpretation of the rules as doing a grave disservice to the integrity of the institution of parliament and the reputation on those who serve in it (Ironically, previous calls for a MP code of conduct beyond the bounds of parliament have received only lip service support by MPs).

Outcome is a rare no-confidence motion on the Speaker

¶10. (SBU) Angered by Wilson's ruling, National lodged a motion seeking a near unprecedented vote of no-confidence in her as Speaker. The motion was easily blocked by Labour, which only needed one vote to do so. A successful vote would have been removed Wilson from the Speaker's chair but would not have affected the balance of the House as Wilson would simply return to being a normal MP. The gesture, however, would have been highly embarrassing for Labour.

¶11. (SBU) Although a vote was not allowed to take place, a Labour MP close to Clark has told Post that the Government took this motion of no-confidence extremely seriously and will allocate Government time in Parliament for a debate on it. The MP nevertheless says the Government regards the motion as a "desperate act" by National to keep in the issue in the public spotlight. He asserts that National's move "cheapens the no-confidence convention".

National still determined to pursue Field

¶12. (SBU) With other tactics having failed, National is now seeking to get a special select committee to hold an inquiry into Field's dealings. However, their effort is likely to be thwarted by parliamentary rules that prevent a committee other than the privileges committee from inquiring into the private conduct of a MP except with leave from the House, which in this case is unlikely to be granted. National is running out of procedural options. In what is

likely to a final throw of the dice, it may seek a general inquiry about an aspect of the case, such as immigration visas, and make frequent inferences to Field. This would ensure that the case remains in the public eye.

Comment

113. (C) It's in National's self interest -- in the face of slumping poll ratings -- for keeping this case alive. This issue is, however, unlikely to increase the opposition's standing in the polls. But even if voter support for Labour has remained the same, many Kiwis seem to sympathize with National's claim that Clark will do anything to protect her slim parliamentary majority. Some contrast Field's treatment with that of MPs who mis-stepped earlier in Clark's tenure and who were virtually all forced to resign. It seems plausible that Field would not have escaped greater censure by the Labour caucus or wider party if the Government had a bigger majority in Parliament. But given the finely balanced nature of her current parliamentary majority, Clark needs Field's vote. End Comment.

McCormick